

U.S. Customs and Border Protection Office of Strategic Trade Regulatory Audit Division

Timely Completion and Resolution of Issues of Focused Assessments

Introduction

In March 2003, the U.S. Customs Service became part of the U.S. Customs and Border Protection, which will continue to be referenced as Customs in this document.

Customs is committed to ensuring the efficiency and timely completion of focused assessments (FAs). FAs are audits designed to evaluate the risk to Customs that the company's importing process may result in significant noncompliance with laws and regulations. FAs include a review of the effectiveness of a company's internal controls and testing of data using statistical sampling and other analytical methods. Evaluating the company's internal control procedures, selecting samples, and obtaining and reviewing the records requires a significant investment in time for both the FA team and the company. Experience has shown that lack of a clear understanding of expected completion dates and the need to have records provided timely has contributed to unnecessary delays in completing assessments and audits. It is Regulatory Audit's policy that no Focused Assessment will take more than 1 year to complete. Consequently, Regulatory Audit will be closely monitoring the progress of each assessment to ensure that it is completed within a year. This document helps accomplish this goal by establishing procedures to (1) develop mutually agreed-upon timelines to complete the FA, (2) uniformly respond to lengthy delays by the importers and (3) advise importers of Regulatory Audit lines of authority to help resolve issues before they delay the FA.

Procedures

Mutually Agreed-upon Timelines

At the advance conference—the first formal meeting Customs holds with the importer before beginning an FA—the FA team will outline the requirement for a plan to complete the FA within 1 year. The plan will include a timetable and will be tailored to the circumstances of the company.

As soon as practical, the FA team and company representatives will jointly develop and agree to a timetable for completing the FA. The plan should specify, at a minimum, the following dates and time periods:

- Dates for the importer to return requested documents, such as the company's documented internal control policies and procedures, documentation, and examples.
- Period of time after receipt of requested documents for the FA team to gain an understanding of the company's organizational structure, procedures, and internal controls, including interviews of company personnel and review of applicable documents to determine how and where the company records Customs transactions in its books and records.

- Period of time for the FA team to complete preliminary review of internal controls, including selection of limited samples to perform internal controls testing and identification of documents needed for review.
- Agreed-upon time for the company to provide requested documents for the test samples to the FA team.
- Projected date for completion of the Pre-Assessment Survey (PAS) phase of the FA, including identification of internal control weaknesses, problems, or potential problems and development of mutually acceptable corrective action.
- Projected PAS audit report date.
- Period of time after the completion of the PAS phase for the FA team to select samples and identify documents needed for review during the Assessment Compliance Testing (ACT) phase of the FA.
- Agreed-upon time for the company to provide requested ACT documents to the FA team.
- Projected date for completion of the ACT phase of the FA, including identification of problems, causes, and resolution of issues and development of mutually acceptable corrective action.
- Projected ACT audit report date (no longer than 90 days after the exit conference).

If either the FA team or the company is unable to meet the schedule, they should work together to establish a revised timeline. Customs management will monitor progress of the audit and take appropriate action to ensure that the FA team is meeting its commitments.

If the Customs team is not meeting the FA schedule, the team leader will report the delay, the reason, and proposed actions to bring the FA back on schedule to the Assistant Field Director. The Assistant Field Director will review the reasons for delays and proposed corrective action and take additional action or escalate the issue to higher levels of management as appropriate.

Response to Lengthy Delays by Importers

RAD will closely monitor the company's level of cooperation toward the completion of the FA within the stipulated 1-year time frame. The Regulatory Audit FA team will continually update the company on the progress of the FA. Should there be a delay or interruption of progress that is the responsibility of the importer or the importer's third party representative, Customs will notify the importer in writing immediately.

If delays result because the company does not provide records or information, Customs will notify company management in writing of the delay and request that the records be provided as agreed. If records cannot or will not be provided in a reasonable time, Customs will stop the review of the imports for the area under review related to the missing records. The FA team will assess the impact of the missing records relative to the overall review of the area in accordance with existing procedures. If it is concluded that the company does not have an adequate system in place to support the import activity for the area under review, the area will be considered noncompliant.

Lengthy delays resulting from any other constraints placed on the progress of the Focused Assessment by the importer or third party representative may be grounds for terminating any further review activity and closing the Focused Assessment. Should that situation occur, Regulatory Audit would issue a PAS or ACT report based on the information provided and issue an opinion on a risk level for the company predicated upon the information in hand.

Regulatory Audit Lines of Authority for Resolution of Issues

The FA team must advise the importer of the appropriate lines of authority and resolution levels for issues that may occur during the FA. The importer will be advised that the lines of authority

are being provided to facilitate communications with Regulatory Audit and to assist in meeting timelines for the Focused Assessment. The company should follow the lines of authority and should advise its third party representatives to follow the lines of authority. The following points of contact and resolution levels will be provided to the importer at the first meeting between the FA team and the company.

Focused Assessment Team Leader

Name

Telephone Number

Resolution Level 1

Assistant Field Director

Name

Telephone Number

Resolution Level 2

Field Director

Name

Telephone Number

Resolution Level 3

Appropriate Headquarters Director (Focused Assessments Branch or Trade Agreements Branch)

Name

Telephone Number